

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: May 5, 2009
POSITION: Neutral, note concerns

BILL NUMBER: SB 17
AUTHOR: A. Padilla

BILL SUMMARY: Electricity: Smart Grid Systems

This bill would require the California Public Utilities Commission (PUC), in consultation with the California Energy Commission (Energy Commission) and the Independent System Operator (ISO), to determine the requirements for a smart grid deployment plan consistent with the policies set forth in the bill and federal law.

FISCAL SUMMARY

The PUC indicates the costs of the bill would be minor and absorbable.

The Energy Commission estimates that the bill would require three positions and \$590,000 Energy Resources Programs Account. Deployment and utilization of smart grids will impact all programs within the Energy Commission. Any requests for additional resources would be reviewed in the context of the annual budget development process.

The California Constitution requires the state to reimburse local government for the cost of any program or increased level of service mandated by the Legislature or any state agency. Any local government costs resulting from the mandate would not be state-reimbursable because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act.

COMMENTS

Finance is neutral on the bill but notes concern that the bill would result in ongoing costs to the Energy Commission.

A smart grid is a distribution system that allows for the flow of information from a customer's meter to the utility provider and modernizes the electric distribution and transmission grid with the goal of using advanced, information-based technologies to increase power grid efficiency, reliability, and flexibility.

The bill would:

- Authorize a smart grid deployment plan to provide for deployment of smart grid products, technologies, and services by entities other than electrical corporations.
- Authorize the electrical corporations to recover reasonable costs of deploying smart grid technologies and services to consumers.
- Authorize smart grid technologies to be deployed in an incremental manner to maximize the benefit to ratepayers and to achieve the benefits of smart grid technology.
- Require publicly owned electric utilities to develop a smart grid deployment plan as specified by July 1, 2011.

(Continued)

Analyst/Principal (0691) K. DaRosa	Date	Program Budget Manager Karen Finn	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

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COMMENTS (continued)

The bill intends to deploy a smart grid that is efficient, reliable, and cost-effective, and would improve energy demand management.

The PUC has initiated a rulemaking to consider policies for California investor-owned electric utilities to develop a smarter electric grid in the state. The proceeding will consider setting policies, standards and protocols to guide the development of a smart grid system and facilitate integration of new technologies such as distributed generation, storage, demand-side technologies, and electric vehicles.

Code/Department	SO	(Fiscal Impact by Fiscal Year)							
Agency or Revenue	LA	(Dollars in Thousands)							
Type	CO	PROP							Fund
	RV	98	FC	2008-2009	FC	2009-2010	FC	2010-2011	Code
3360/Energy Comm	SO	No		--	C	\$590	C	\$590	0465
8660/PUC	SO	No		-----	No/Minor	Fiscal Impact	-----		0462
<u>Fund Code</u>	<u>Title</u>								
0462	Publ Utilities Comm Utilities Reimb Acct								
0465	Energy Resources Programs Account								